

## GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H. Con. Res. 344, as amended, the concurrent resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

**SENSE OF CONGRESS THAT STATES SHOULD MORE CLOSELY REGULATE TITLE PAWN TRANSACTIONS AND OUTLAW IMPOSITION OF USURIOUS INTEREST RATES ON TITLE LOANS TO CONSUMERS**

Mrs. ROUKEMA. Mr. Speaker, I move to suspend the rules and agree to the concurrent resolution (H. Con. Res. 312) expressing the sense of the Congress that the States should more closely regulate title pawn transactions and outlaw the imposition of usurious interest rates on title loans to consumers, as amended.

The Clerk read as follows:

**H. CON. RES. 312**

Whereas title loan lenders make title loans and title pawns to consumers by attaining the consumer's automobile title as collateral;

Whereas these loans and pawns are often offered at unscrupulously high rates of interest;

Whereas in many cases borrowers are forced to pay interest rates of up to 300 percent per year;

Whereas many of these borrowers are unaware of applicable rates and are forced into deeper and deeper debt to pay the initial lien;

Whereas this industry takes advantage of uneducated and poor consumers through usurious and exploitive lending practices;

Whereas title loans and title pawns threaten the ability of consumers to hold a job since default on the loan or pawn will result in repossession and sale of their car, which is often their only means of transportation to and from work;

Whereas this industry is expanding rapidly throughout the United States;

Whereas both the Federal Government and States have traditionally acted within their respective jurisdictions to protect citizens from usurious lending and abusive credit practices;

Whereas the spread of abusive lending practices, including those often characteristic of title loan and title pawn transactions, have recently resulted in heightened Federal interest, at the congressional, executive, and regulatory levels, in curbing predatory lending practices;

Whereas, as the result of extensive field hearings, a task force established by the Secretary of the Treasury and the Secretary of Housing and Urban Development has just underscored the need for Federal legislation to curb predatory lending;

Whereas the title loan and title pawn transaction problem is particularly acute in Alabama, Georgia, Idaho, Illinois, Minnesota, Mississippi, Missouri, Montana, Ne-

vada, New Hampshire, New Mexico, Oregon, South Carolina, South Dakota, Tennessee, and Utah; and

Whereas this problem has the potential to spread to other States that currently do not closely regulate the title loan and title pawn industry: Now, therefore, be it

*Resolved by the House of Representatives (the Senate concurring), That it is the sense of Congress that the Federal Government and the States should—*

(1) engage in greater oversight of title loan and title pawn transactions;

(2) work cooperatively to address the problem of abuses in title loan and title pawn transactions through effective legislation at both the Federal and State level, as necessary, including by prohibiting title pawn transactions and prohibiting usurious interest rates in title loan transactions; and

(3) ensure that any Federal legislative effort preserves the ability of the States to enact stronger protections for consumers with respect to such transactions.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from New Jersey (Mrs. ROUKEMA) and the gentleman from Pennsylvania (Mr. MASCARA) each will control 20 minutes.

The Chair recognizes the gentleman from New Jersey (Mrs. ROUKEMA).

Mrs. ROUKEMA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as chair of the Subcommittee on Financial Institutions and Consumer Credit of the Committee on Banking and Financial Services, I bring this to the floor, but I want to expressly thank and recognize the gentleman from Florida (Mr. SHAW), who is the original author of this concurrent resolution, and has brought before us the increasing awareness of the usury problems associated with title pawn and title loan industry.

□ 1100

The resolution expresses the sense of Congress that the Federal Government and the States should work together cooperatively to outlaw title pawn transactions and the imposition of excessive interest rates.

Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. SHAW), the author of the resolution.

Mr. SHAW. Mr. Speaker, I thank the gentlewoman for yielding me this time.

Mr. Speaker, House Concurrent Resolution 312 puts this Congress on record as opposing the predatory and unscrupulous lending practices of the title loan industry. As many of my colleagues are aware, abuse by the title loan industry is an ever-increasing problem all across America. These fringe banking services offer short-term loans to people unable to borrow from traditional lending institutions, taking the consumer's car, title and spare keys as collateral.

The interest rate on these loans which are usually not adequately disclosed to the borrower are so exorbitant that debtors frequently must take out additional loans just to pay the in-

terest on the initial lien, sending them deeper and deeper into debt. These rates can often be as much as 300 percent, and, in some cases, even higher.

Take, for example, the blight of a Miami, Florida, resident whom I will simply call John. As reported in the Miami Herald, John, in need of cash to pay bills, borrowed \$1,000, using the spare keys of his car as collateral. Not fully aware of the terms of the loan, he was quickly incapable of making the monthly interest-only payments of \$220 and subsequently took out additional loans just to pay the interest on the initial loan. This amounts to an annual rate of nearly 350 percent. Now knee-deep in debt and fearful that any day his car would be repossessed, which would likely cost him his job, John struggled to pay back what amounted to three times his initial loan. He eventually ended up destitute and in a homeless shelter. Unfortunately, this one example is not uncommon and reflects the cases of far too many Americans who have found themselves trapped in an ever-worsening cycle of debt because of the title loan industry.

As this industry spreads across this country, more and more States are taking action to eliminate this type of institutional usury. Just last month, in my home State, Florida, Governor Jeb Bush signed into law legislation limiting the outrageous rates that loan companies in Florida had been charging and limited it to 30 percent.

Nationwide recognition of this problem is needed. However, title loan companies can circumvent prohibitions imposed by individual States by crossing State lines and filing the proper paperwork in a State that has yet to regulate this industry. The result is that loan companies continue to spread like wildfire in States which are unregulated, and more and more people find themselves swimming in outrageous debt. This problem will persist until elected officials make the protection of their constituents a priority and rein in this fringe industry.

Mr. Speaker, passage of this resolution will put those who engage in this type of legal loan-sharking on notice that such predatory lending practices will no longer be tolerated. Although a number of States like Florida have stopped the title loan industry in its tracks, much remains to be done and Congress may need to play a role. While respecting the rights of the States to improve upon existing consumer protection laws, H. Con. Res. 312 makes it clear that, if necessary, Congress will take appropriate action to combat predatory lending practices.

Mr. Speaker, H. Con. Res. 312 puts Congress on record as condemning the practice of legal loan-sharking and opposing usury and unfair lending practices. I urge my colleagues to take this opportunity to express their concern for the consumer rights of their constituents and support this resolution.